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## IMPORT CONTENT OF TOURIST HOTEL FOOD AND BEVERAGE PURCHASES IN THE SOUTH PACIFIC

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While it is known that a large proportion of expenditure on imports into Fiji, Western Samoa, Vanuatu and Tonga is on foodstuffs, very little is known of the import content of hotel food and beverage purchases and the reasons that imported foodstuffs may be preferred to local products. There are three main reasons why such knowledge would be useful:

1. The import content of food and beverages consumed by tourists can significantly determine the overall net economic impact of tourism in a small country. The greater is the local content of hotel food and beverages purchased *ceteris paribus*, the greater is the multiplier effect of such spending, and, hence, the greater the net economic benefits of tourism.
2. Knowledge of the reasons why certain foods and beverages are imported by hotels can serve as a guide to possibilities for import substitution in this area, thereby reducing the nation's import bill for consumer items. It can also help in the formulation of policies designed to enhance the net economic impact of tourism.
3. The agricultural objectives for the four countries embrace the following elements: greater self-reliance in food production; the saving of foreign

exchange through import substitution and displacement of food needs; and the exploitation of new opportunities for agricultural processing. Knowledge of the reasons why hotels purchase imported food can help to promote these objectives as well as each country's wider development objectives of providing greater opportunities for citizens to participate more actively in the development process, and ensuring a fairer distribution of the fruits of economic development.

The objectives of this study were to determine the nature and extent of locally produced and imported food and beverages served in hotels in Western Samoa, Tonga, Vanuatu and Fiji, to identify the reasons why hotels purchase imported products, and to assess the possibilities for import substitution.

### Method

Information on hotel food and beverage purchases was obtained between June and August 1986 in Western Samoa, Vanuatu and Tonga and during April and May 1987 in Fiji, directly from tourist hotels in each country. Hotel purchasing officers filled in a questionnaire designed by the author. In all, fifteen hotels were surveyed - six in Fiji, two in Western Samoa, four in Vanuatu and

three in Tonga. While the results from such a small sample must be treated with caution, they are nonetheless 'indicative' of the food and beverage purchasing patterns of the hotels in these countries.

## Results

The hotel purchasing officers were asked to nominate the import content of each category of food and beverage purchases. The results are summarized in Table 1.

Table 1 Aggregate import content of food and beverage purchases of hotels (per cent)

	Fiji	Western Samoa	Vanuatu	Tonga
Ratio of food imports to total food purchases	35	47	33	54
Ratio of beverage imports to total beverage purchases	49	37	77	89

The import content of food purchases is highest for the hotels in Tonga and lowest for the hotels in Vanuatu. The import content of beverage purchases is highest again in Tonga but lowest in Western Samoa, because, in large part, of the high proportion of beer purchases in the hotels' beverage sales and the operation of a local brewery.

The hotel purchasing officers' estimates of the import content of various categories of the food and beverages they purchase, and their reasons for purchasing imported products, are shown in Table 2. The percentages represent the estimated proportion, by aggregate value, of local and imported products for each category of purchase.

With respect to the reasons for hotel purchases of imported food and beverages it was found that different reasons apply for different categories of food and beverages. While reasons such as relative prices, convenience of use, tourists' tastes and regularity of supplies were frequently cited to explain the preference for imported food items, the unavailability of the product locally was the most prevalent of all reasons given. It explains, for example, much of the import content of meats, fish and other seafood, vegetables, particularly in the off-season, milk, butter and cheese, groceries and dry goods, and wines and spirits. Perhaps the most important point to emerge from the responses, however, is the importance of quality considerations in influencing the purchasing decisions of hotels. For a substantial number of food items, for example prime beef and dairy products in Western Samoa and Tonga, milk, cream and beer in Vanuatu, prime

Table 2 Amounts and reasons for hotel food and beverage purchases, by category of foodstuffs

	Fiji		Western Samoa		Vanuatu		Tonga	
	Import content	Reasons for imports <sup>a</sup>	Import content	Reasons for imports <sup>a</sup>	Import content	Reasons for imports <sup>a</sup>	Import content	Reasons for imports
Meat	50%	1,2,4,6	83%	1,2,3,4,5	5%	1,5	75%	1,2,3,4,5,6
Poultry (incl. eggs)	1%	1	27%	1,2,3	-	-	7%	1,2,3,6
Fish and other seafood	16%	1,2,4,5	31%	1,3,5,6	17%	1,4	7%	1,2
Fruit	22%	1,2,4	3%	1	6%	1,2,4	7%	1,2,4,5,6
Vegetables	45%	1,2,4	48%	1,2,4	51%	1,2,3,4	40%	1,4
Dairy products	4%	1,2	85%	1	51%	1,2,4	98%	1,2,4,5,6
Groceries	75%	1,2,6	90%	1,2,3,5,6	90%	1,2,6	95%	1,2,6
Beverages	49%	1,2,6	37%	1,6	77%	1,2	89%	1,6

<sup>a</sup>Reasons for imports:

1. Unavailable locally in sufficient quantity.
2. Imported item is of better quality.
3. Imported food item is cheaper.
4. Supply of imported item is more reliable.
5. Imported item is more convenient to use.
6. Imported item conforms more to tourists' tastes.

beef, cheese and cream in Fiji, the quality of the local product was regarded as inferior to the imported alternative. The two reasons - unavailable in sufficient quantity locally, and the better quality of the imported item - go a long way to explain the import content of hotel food and beverage purchases in the hotels surveyed.

While some possibilities exist for greater purchases of local produce by hotels, the unavailability of local supplies and the quality of the local product frequently act as barriers to reducing the import content of hotel food and beverage purchases. There are, moreover, a number of constraints typical of the situation in developing countries that operate to maintain these barriers in place. These constraints involve, *inter alia*, modes of organizing production, and resource, social and behavioural, economic and financial, marketing, and institutional constraints. Each of these constraints operates, in varying degrees, to limit the possibilities for increasing the local content of hotel food and beverage purchases. It is these sorts of barrier that help to explain the high import content of hotel purchases of fish and other seafood in Western Samoa when the nation's exclusive economic zone remains under-utilized, of pork in Tonga, of dairy products in Western Samoa, Tonga and Vanuatu, and of

vegetables in all countries under review. They also help to explain the failure of the food processing sector in Pacific island countries to fulfil the expectations that some have placed on it.

### Conclusions

At the present time, any avoidable losses of foreign exchange because of hotel food and beverage imports are not large compared to the aggregate food and beverage import bill for each nation. As the tourist industry in each country expands, however, the relevant foreign exchange leakages, together with the implied loss of local production and employment, may prove substantial. Close attention needs to be given to the better forging of links between an expanding tourist industry and food production in each country without leading to a decline in real incomes resulting from attempts to forge inappropriate links. Analysis of the food and beverage purchasing patterns of hotels, the import content of these purchases and the reasons for imported items being preferred to local products are crucial initial steps in the task of assessing barriers to import substitution in this area and helping to ensure that uneconomic import substitution is not attempted.